

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

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March 1996

ITEMS TO REMEMBER

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue. (Please review Volume 100, December 1987, "The School Administrator")
- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 5: Good Friday - Legal Holiday (IC 1-1-9-1)
- April 15: On or before this date the board of school trustees of the school corporation located wholly or partially within the county and having the greatest taxable valuation of any school corporation in the county shall select one of its members to serve as a member of the County Board of Tax Adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the County Board of Tax Adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, "The School Administrator."
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter of 1994.
- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.

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ITEMS TO REMEMBER
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- May 1: School corporations not wishing to renew teachers' contracts (non-permanent teachers) for the 1996-97 school year shall notify such teachers not later than May 1, 1996 in writing, delivered in person or mailed by registered or certified mail, that such teachers' contracts will not be renewed for the succeeding school year. Any teacher so notified may request a written statement showing reasons for dismissal (IC 20-6.1-4-14).
- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, "The School Administrator."
- May 27: Memorial Day - Legal Holiday (IC 1-1-9-1).

OBSOLETE VOLUME

All articles of Volume 93 of The School Administrator have now been updated and reprinted in later volumes of the Accounting Manual for Indiana Public School Corporations, or are no longer applicable; thus, Volume 93 which was distributed in March of 1986 may now be deleted from your files.

VISUAL ACUITY TEST

The governing body of each public school corporation shall conduct an annual screening test of the visual acuity using the modified clinical technique described in IC 20-8.1-7-16[c], of all children upon enrollment in kindergarten or first grade and an annual screening test of the visual acuity of all children enrolled in, or transferred to the third and eighth grades and of all other school children suspected of having a visual defect. Records of all tests shall be made and continuously maintained in order to provide information useful in protecting, prompting and maintaining the health of school children. IC 20-8.1-7-16 also provides that the State Board of Health and the State Board of Education shall adopt joint rules and regulations concerning vision testing equipment, qualifications of vision testing, personnel, and criteria for failure and referral based upon accepted medical practice and standards. IC 20-8.1-7-2 provides objection procedures concerning any testing, examination, immunization or treatment required. An objection will not exempt a child from any testing required unless made in writing, signed by the child's parent and delivered to the child's teacher or other school administrator who might order the test. The expense of such testing is payable from the General Fund of the school corporation.

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VISUAL ACUITY TEST
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Many other health measure requirements may be found in IC 20-8.1-7. These include medical inspection of school children, provision for appointments of school physicians and nurses, immunization history of students, test for tuberculosis, sickle cell anemia, lead poisoning and audiometer tests, postural aids information, including the reporting of results and the implementation of certain remedial measures.

CERTIFIED CHECKS

IC 36-1-9-6 and various other statutes allows use of certified checks. We sometimes have questions and telephone calls indicating difficulty in obtaining certified checks.

IC 1-1-7.5-1 states: "In all cases where it is required by law that a certified check be submitted in conjunction with the submission of bids on public contracts, it is lawful to submit a draft, cashiers check, or money order issued by a financial institution insured by an agency of the United States."

PETTY CASH FUND

IC 21-2-5 provides the governing body of the school corporation is authorized, in it's discretion, to establish and maintain a Petty Cash Fund for the purpose of paying small or emergency expenses of an administrative or operating nature. If a Petty Cash Fund is to be established, the board must make an appropriation for an amount not to exceed \$500. If made, the General Fund appropriation will be in Other Fiscal Services, Account No. 25292. Receipt to Clearing Account 810 the check which was written on the General Fund (Expenditure Account 25292) to establish the Petty Cash Fund in the amount allowed by the board of school trustees. The amount is entered in the "Receipts" column and carried to the "Balance" column of the Petty Cash Fund Clearing Account.

When the amount of the Petty Cash Fund is returned to the General Fund (Receipt Account 7400) an entry should be made in the disbursements column of the Petty Cash Fund Clearing Account 810 and the balance reduced accordingly.

To establish the fund a check shall be drawn on the General Fund payable to a person appointed as custodian by the board of school trustees. The custodian shall convert to cash all checks so drawn and shall be responsible for the administration of the fund. The custodian of the fund shall file a report with the board of school trustees at the close of each month showing the balance of the fund at the beginning of the month, the expenditures during the month, and the balance on hand at the end of the month. For each expenditure from the fund, the custodian shall obtain a receipt or voucher which shall be filed with the monthly report. The fund may be replenished at the close of each month by a check drawn on the General Fund, payable to the petty cash custodian, and charged to the proper appropriation accounts according to the purposes of the expenditures as evidenced by the receipts or vouchers filed by the custodian with the monthly report.

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PUBLIC DEPOSITORIES

We are sometimes asked what our position is concerning the use of designated depositories that have been absorbed by our of county or other banks.

Based upon our review of various Attorney General Opinions and the past operation of the depository law, our audit position is that depositories which were designated by the Board of Finance remain depositories unless the school corporation invokes the provisions of IC 5-13-8 concerning revocation. At the next Board of Finance meeting those branches of out of county banks which are located in the local unit's jurisdiction are viable petitioners for designation as depositories. Finally, when the Board of Finance receives the petitions of institutions eligible for designation as depositories, the assets to be considered for pro rata determination will be only those assets attributed to the actual bank or branch located within the jurisdiction of that Board of Finance.

FORM APPROVAL PROCESS

The December 1993 School Administrator, Volume 124 contained an article which provided in part: "As a result of advances in computer technology, some computer hardware, software and application systems can now produce exact replicas of the forms prescribed by the State Board of Accounts. Additionally, some of the prescribed forms are currently replicated on continuous, preformatted computer paper.

The State Board of Accounts prescribes the required accounting system forms, but does not specify the source from which the forms must be obtained. Therefore, the State Board of Accounts will not take exception to the use of forms which provide exact replications of the prescribed forms created by computer printer or utilizing continuous form computer paper. (All prenumbered forms must still be serially prenumbered by the printing supplier prior to delivery to the school corporation). These exact replications must be identical to the prescribed forms in format, titles and locations of data. These exact replications of prescribed forms are not required to be submitted to the State Board of Accounts for approval . . ."

Several software vendors have been able to take advantage of the newer technologies while other vendors have been unable to replicate prescribed forms. Certainly the prescribed form replication is the preferred approach from our audit position. However, in an effort to accommodate school corporations, the State Board of Accounts offers the following alternative.

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Decisions regarding the participation of school corporations with vendor software systems are the responsibility of the elected or appointed governing body of a school corporation in accordance with statutory authority. Accordingly, a board of school trustees if desiring to use forms generated by a particular software program or package, may pass a resolution so stating their preference. The resolution and a letter (see sample letter required on page 8) would be sent to the State Board of Accounts for compliance with applicable statutes and regulations and to provide assurance that a school corporation does indeed desire to use the forms. The forms submitted should be very similar to the prescribed system (same headings and titles, information, etc.). Otherwise, a cross-reference to prescribed form intended to be replaced should be submitted. The State Board of Accounts approval is based upon compliance with the conditions outlined on pages 6 and 7 and review during the audits of the school corporations. Thereafter, other school corporations may use any forms previously approved for the original school corporation using that particular software program (assuming compliance with the conditions outlined on pages 6 and 7 and subsequent audits).

Any forms not previously reviewed and approved by the State Board of Accounts would need to go through the traditional form approval process, ie; a vendor decides to change a form six months after the original approval or a school corporation does not like the form a vendor is using and tries to create their own, those type of forms would require separate approval. However, once approved the new process as summarized below could be utilized.

Summarization of the new form approval process:

1. The Board of School Trustees of School Corporation "A" passes a resolution in a public meeting stating the desire to use forms generated by a specific software program.
2. A copy of the resolution along with information in the sample letter (page 8) is sent to the State Board of Accounts by School Corporation "A" along with a sample of all reports and forms of the system. The forms submitted should be very similar to the prescribed system (same headings, titles, information, etc.). Otherwise, a cross-reference to the prescribed form intended to be replaced must be submitted.
3. School Corporation "A" receives an approval letter from the State Board of Accounts and begins using the forms without any further approvals in the future unless the forms change.

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FORM APPROVAL PROCESS
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4. School Corporations "B", "C", etc., send to the State Board of Accounts the same type of resolution and sample letter (page 8), (no forms are sent to the State Board of Accounts). School Corporations "B", "C", etc., adhere to the conditions on pages 6 and 7 and recommendations made during audits and begin using the forms without further approvals in the future unless the forms change. Previously approved forms for that system do not have to be sent in for approval. School Corporations "B", "C", etc. will not receive approval letters as they have agreed to abide by the conditions in The School Administrator.

We are hopeful the new process will provide an innovative procedure to save time and expense by school corporations while still complying with statutory and regulatory requirements. We are counting on school corporations to help in monitoring any form changes.

Normal Form Approval Conditions:

1. Any items noted in red ink are a condition of approval.
2. The forms and system shall be subject to further review and/or recommendations during the audits of the School Corporation to allow for on-site review as well as to ensure compliance with current statutes.
3. Any other Forms, Checks, Receipts, etc., necessary to complete the system shall be submitted to our office for approval. You shall continue to maintain all prescribed forms not otherwise covered by an approval.
4. All transactions that occur in the system must be recorded. Transactions can be maintained on-line, on backup tapes, microfilmed, or printed on hard copy. These transactions include but are not limited to: all input transactions, transactions that generate receipts, transactions that generate checks, master file updates, and all transactions that affect the ledgers in any way. For all information maintained on the system, the system must be designed in such a manner that changes to a transaction file cannot occur without being processed through an application.

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FORM APPROVAL PROCESS

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5. The ability must not exist to change data after being posted. If an error is discovered after the entry has been posted, then a separate correcting entry must be made. Both the correcting entry and the original entry must be maintained.
6. If the unit owns the source code, sufficient controls must exist to prevent unauthorized modification. If the unit does not own the source code, upon request or in the event the vendor no longer provides maintenance service for the system, the vendor shall provide representatives of the State Board of Accounts with access to all computer source code for this system. In addition, the vendor shall provide representatives of the State Board of Accounts with a document describing the operating system used, the language that the source code is written in, the name of the compiler used, and the structure of the data files including data file names and data file descriptions, field names and field descriptions for the system upon request.
7. Any Checks, Receipts, Purchase Orders, Deposit Advances or other prescribed forms that require numbering shall be serially prenumbered by the printing supplier prior to delivery to the School Corporation. All receipts are to be printed at the time money is received. Furthermore, Checks, Receipts, Purchase Orders or Deposit Advances shall not be presigned and shall have duplicates. An approved check register may be used to meet the duplicate requirement for checks.
8. Recap sheets for each depository for deposit advices, if applicable, will be maintained indicating direct deposits. Individual wage assignment agreements will be kept on file to support direct deposit.
9. Central Cafeteria Extra-Curricular Payroll Checks are approved only if a School Corporation has a central ECA Account for all cafeterias of the Corporation. Otherwise, IC 20-5-7-4 does require “. . . one (1) bank account” for Extra-Curricular purposes.
10. Checks drawn on multiple bank accounts should only occur if as the result of compliance with the Public Depository Law.
11. Transaction Listings (check registers, receipt registers, etc.) shall be printed out for the fiscal year (at a minimum) in hard copy and retained for audit. All other reports which document and support the published annual financial statements should also be printed out at fiscal year end and retained for audit.

(1) The first School Corporation approved would have a period after the word "provided" and the rest of the sentence would be deleted. All other School Corporations requesting use of that system should show the information stated after the word "provided".